

Advisory Board Briefing

Service Area

- Seattle
- All or parts of:
- Burien
- Lake Forest Park
- Normandy Park
- Renton
- SeaTac
- Shoreline
- Tukwila
- Unincorporated
King County

Seattle City Light
Customer Services Branch
August 2003



Customer Services Branch Mission Statement



To lead City Light in understanding and anticipating customer and community needs and in providing responsive, quality services that support community values, contribute to a healthy economy, complement other city services and enhance our environment

Customer Services Branch Goals



- Strive for customer satisfaction
- Provide accurate and timely bills
- Collect revenues owed to the utility
- Value conservation as a resource
- Provide a safe, positive and supportive working environment



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Part I:

Focus on the customer



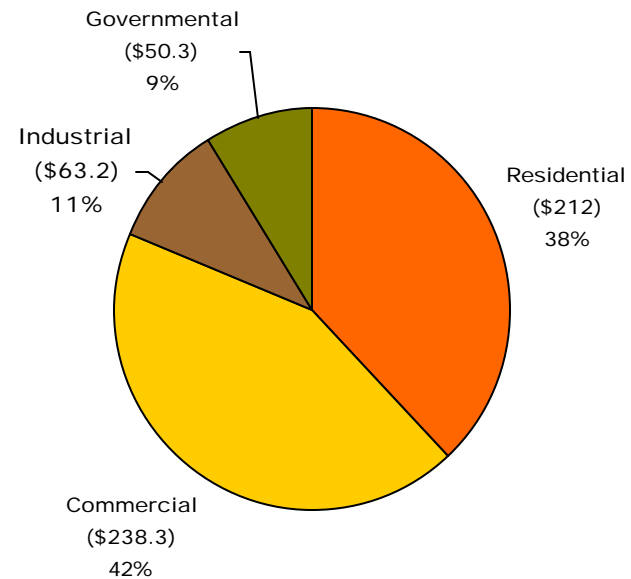
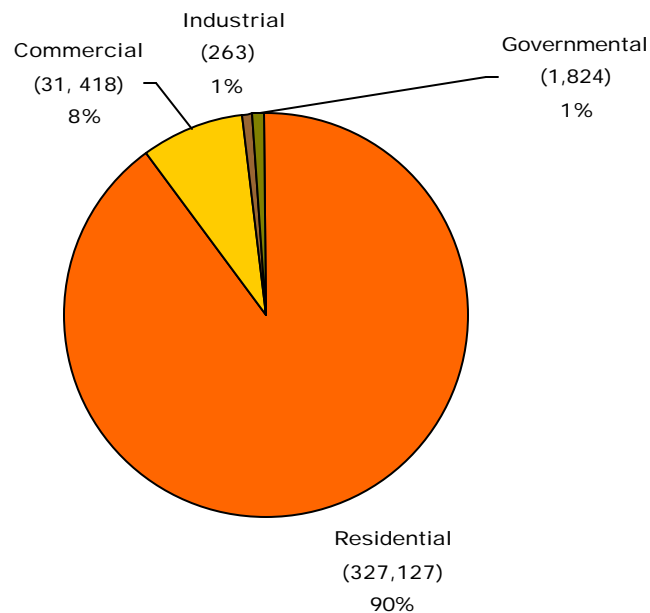
- Who are City Light's customers?
- How much do they pay for their electricity?
- How do we assist households who have difficulty paying their bills?

Customer Profile

2002

Total Customers=360,632

Total Revenues= \$563.8
(In Millions)



Source: 2002 Seattle City Light Annual Report

Customer Profile

Number of Customers



	<u>1992</u>	<u>1997</u>	<u>2002</u>
Residential	297,496	306,629	327,127
Commercial	33,339	30,243	31,418
Industrial	301	291	263
Governmental	2,190	1,869	1,824
Total	<u>333,326</u>	<u>339,032</u>	<u>360,632</u>

Source: 1992, 1997 and 2002 Seattle City Light Annual Reports

Customer Profile

Key Customers



Characteristics:

- High demand (10 mw) and large general service (1mw)
- Operate in deregulated energy markets
- Significant public profile
- New opportunities (dot.com; biotech)
- Government/public sectors included
- South Lake Union is a focus

Unique business considerations:

- Complex metering technology
- Separate billing system (ICSB)
- Multiple accounts
- Individual rates for suburban cities
- Access to Seattle MeterWatch
- Tailored communication and resources
- Comprehensive project management

Customer Profile

Key Customers

Examples:

Industrial	Commercial	Public	Sectors
Boeing	Qwest	University of Washington	Hospitals
Nucor Steel	Safeco	City of Seattle	Hotels
LaFarge Cement	Seattle Times	Suburban Cities	Banking
Ash Grove Cement	Nordstrom	Port of Seattle	Property Management Firms-BOMA
Todd Ship Yards	First and Goal/Seattle Mariners	Community Colleges	South Lake Union-Vulcan

2002 Revenues:

Total Utility Revenues: \$563.8 million


- High Demand: \$50.4 million (9%)
- Large General Service: \$87.8 million (16%)
- Suburban Cities: \$91.7 million (16%)

Rate History



- A lower all-electric rate was in effect from 1940-1974
- Rates increased 156% from 1979-1986 due to acquisition of new resources
- Rates increased less than inflation from 1987-1992
- Rates set for customers in franchise areas in 1999
- Rates increased 57% in 2001 due to drought and energy crisis; a new “third tier” rate was adopted
- “Third tier” rate modified in 2002
- New Tukwila Franchise agreement and rates adopted in 2003

Rates by Customer Class (Average rates in cents/kWh)



	<u>1992</u>	<u>1997</u>	<u>2002</u>
Residential	3.44	4.25	6.91
Small General Service (<50kW)	3.37	3.96	6.11
Medium General Service (50-1,000kW)	3.28	3.93	6.31
Large General Service (1,000-10,000kW)	3.09	3.51	5.94
High Demand (>10,000 kW)	2.81	3.29	5.02

Source:

1992 Annual Energy Sales report, Rates Section, Finance Division, 2/2/93

1997 Annual Energy Sales report by Rate Class, Rates section, Finance Division, 4/2/98

For 2003 numbers: Sales by Geographic area, Table 4, Breakdown of sales by rate classes, FPU, 5/21/03

City Residential Rate Structure

Rates	1 st Tier	2 nd Tier	3 rd Tier	
	As of April 1, 2003	As of April 1, 2003	Effective July 1, 2001	As of April 1, 2003
Summer	\$0.0433 per kWh for < 10 kWh per day	\$0.0866 per kWh for > 10 and < 100 kWh per day	\$0.1600 per kWh for > 60 kWh per day	\$0.1008 per kWh for > 100 kWh per day
Winter	\$0.0433 per kWh for < 16 kWh per day	\$0.0866 per kWh for > 16 and < 167 kWh per day	\$0.1600 per kWh for > 125 kWh per day	\$0.1008 per kWh for > 167 kWh per day

After the energy consumption portion of the bill is calculated, a base service charge of \$0.0973 per day is added.

Third tier rate was as high as \$0.1660 effective in the October 1, 2001 rates.

Third tier rate was as low as \$0.1000 effective in the June 14, 2002 rates.

Current third tier rate reflects the BPA pass through.

Annual Residential Bills*:

	<u>2000</u>	<u>2002</u>
Average Bill:	\$468	\$652
Average Consumption:	10,261 kwh	9,433 kwh

* Source: Finance Division, SCL sales by geographic area, table I, 6/10/03

Seattle City Light Billings



City Light sends out approximately 2.5 million bills per year (10,000-12,000 per day)

- The downtown area and most commercial customers receive bills monthly (7%)
- All other bills are bi-monthly (93%)
- The Mayor has asked SPU and SCL to look at new billing options (monthly bills, consolidated bills, etc.)

Low Income Rate Assistance Participation

Type of Assistance	Year	People Served	Amount
ELIA	2000	1,490	\$237,183
	2001	1,241	\$198,709
	2002	1,865	\$250,091
Project Share	2000	1,241	\$354,419
	2001	2,481	\$476,386
	2002	1,946	\$854,840
* Elderly/Disabled	2000	9,142	\$2,361,158
	2001	9,754	\$4,314,471
	2002	10,807	\$4,991,243
* Low Income	2000	2,184	\$736,577
	2001	2,116	\$1,337,971
	2002	2,751	\$1,726,988

* Source: Finance Department, as of July 2, 2003

Low Income Rate Assistance

One-time Assistance:

- ELIA-Began in 1986 and funded by an endowment from SCL. Intended to supplement EAP; provides credit of up to \$200/year on delinquent accounts
- EAP-Federally funded program administered by Central Area Motivation Program (CAMP). Provides once per year heating grants to customers below 125% of federal poverty level
- Project Share- Funded by customer donations, assistance is available to customers who have exhausted other forms of assistance to prevent disconnection or restore service to customers with incomes below 70% of state median. Waiver provisions allow assistance to customers with higher incomes

Ongoing Assistance:

- Elderly/Disabled- Adopted in 1982, this program provides rate assistance to seniors 65 and older or people with disabilities 18 or older who receive disability payments, are legally blind or are on life support systems and have a household income less than 70% of the Washington State median income (for example: 2 person household up to \$30,564 annually)
- Low Income- Adopted in 1990, this program applies to customers who receive SSI or whose household income is less than 200% of the federal poverty level (for example: 2 person household up to \$23,880 annually)



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Part II:

Focus on the Branch



- What do we do for customers?
- How do they get served?
- How much do we spend to serve them?
- How do we measure our performance?

How Seattle Organizes Utility Customer Service-Related Functions



Seattle Public Utilities Runs utility call center and walk-in payment services for both SPU and SCL

Department of Executive Administration Performs remittance processing, provides cashiers in Key Tower, administers citywide collections contract and provides policy approval/technical support for payment options

Department of Neighborhoods Administers seven neighborhood service centers where customers can pay their bills and make payment arrangements

Human Services Department Performs eligibility determination for Project Share and low income rate assistance programs

Related functions (cont.)



Fleets and Facilities Department Provides space for customer work and related signage and building improvements

Department of Information Technology Provides platform for billing system and web based services available to customers

Office of Housing Provides single family weatherization programs and multi-family retrofitting for eligible low income households and buildings

Department of Design, Construction and Land Use
Partners on and enforces energy code updates

How Seattle City Light is organized to deliver customer service-related functions

Customer Services

Branch

- Account support for large general service and high demand customers
- Back office billing and credit/collections functions
- Meter reading
- Adjudication of disputes between the customer and the utility
- Conservation programs and services

Distribution Branch

- Purchases, installs and tests meters
- Electrical Service Reps work w/customers on new and upgraded services; investigate high bill complaints
- Engineers and crews support customer needs for new/upgraded services; bills for these services

How Seattle City Light is organized to deliver customer service-related functions

Finance &

Administration

- Supports billing system software, Seattle MeterWatch and interface systems
- Determines rate structure

Personnel

- Central point for hiring and other personnel actions
- Centralized training
- Labor relations

Strategic Planning

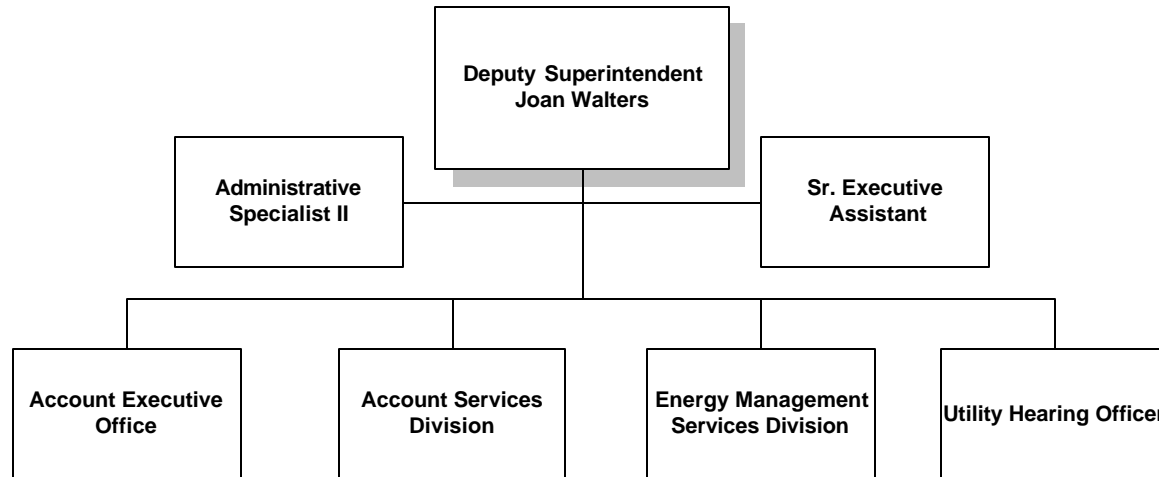
- Supports emerging services and programs (such as Green Power)
- Coordinates business planning efforts

Communication

- Coordinates and writes customer newsletters, bill stuffers, etc.
- Conducts media campaigns

Customer Services Branch Organization

Customer Services Branch



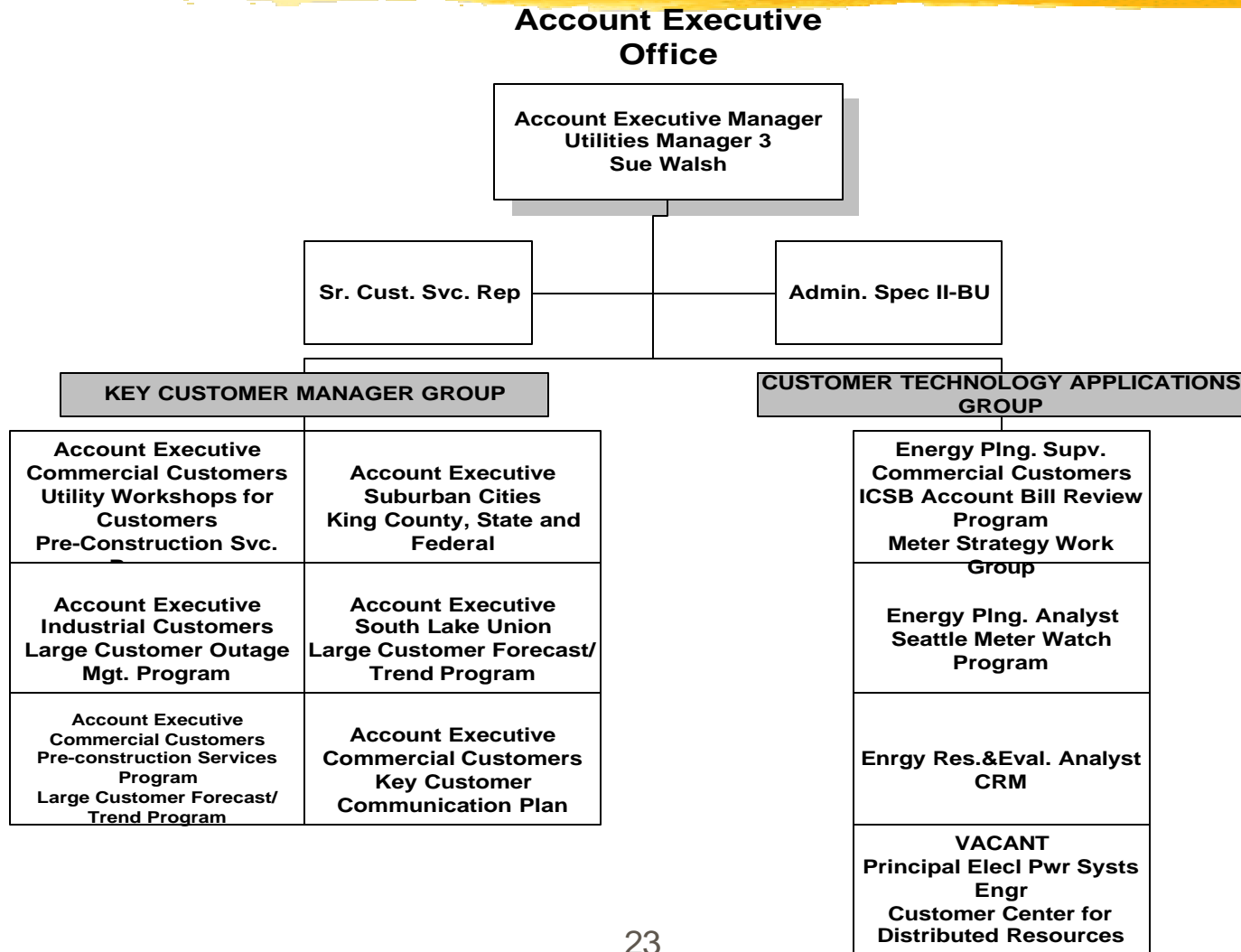
Customer Services Branch



Staff: The Customer Services Branch has 222.5 Full Time Equivalent (FTE) employees, of which 151.5 are represented positions.

Budget: The 2003 adopted budget for the branch is \$36,162,862. Labor, conservation incentives and payments to other departments are the three largest drivers of spending.

Account Executive Office



Account Executive Office



Staff: The Account Executive Office employs 11.5 FTE employees, of which 2.5 are represented positions.

Budget: The 2003 adopted budget for the Account Executives Office is \$1,296,216

Major budget elements:

Labor:	\$743,283
Seattle MeterWatch:	\$40,000
Transfer 4 Engineers to Distribution:	(\$299,177)
2003 Budget Reduction:	(\$170,087)

Account Executive Office



Major Functions:

- Established in 1996 to be the single point of contact, advocate for and meet the business needs of the utility's largest commercial, industrial and government customers including suburban cities
- Advises senior utility management on customer business issues, manages policy and service delivery changes to better meet customer requirements
- Negotiates and implements agreements with suburban cities and special customer contracts, assesses application of New Large Load Ordinance

Account Executive Office



Major Functions (cont.):

- Resolves billing, metering, and other specific customer problems, including new service installations
- Manages the Seattle MeterWatch Program and other services related to economic development and utility planning
- Coordinates South Lake Union District Energy Feasibility Study
- Implements Key Customer communication and education programs

Account Executive Office Seattle MeterWatch



- Seattle MeterWatch (SMW) is a website that allows customers to review and analyze their electrical load data in 15-minute, hourly, daily, monthly and annual increments so customers can:
 - maximize energy efficiency
 - reduce energy costs
 - prepare reports
 - verify conservation savings
 - adapt operating schedules
- SMW is offered free and only to customers with high demand and large general service billing meters
 - 95% (165 customer sites) are enrolled
 - 212 registered users (customer personnel)

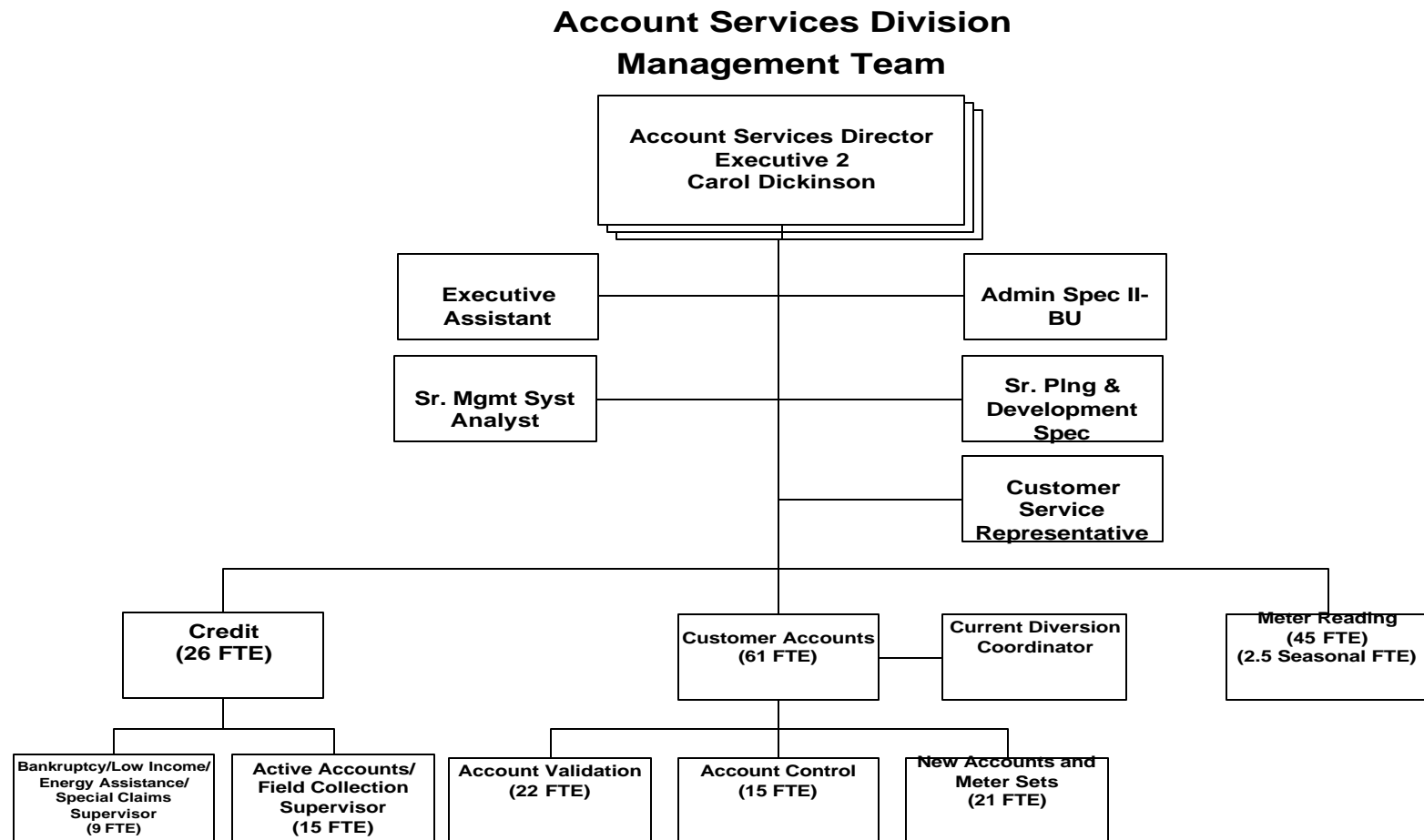
Account Executive Office



Performance Metrics:

- Annual Account Executive Office Customer Survey
 - 86% of respondents rated their contact with the Account Executive Office as “good” to “excellent”
- Annual Seattle MeterWatch (SMW) Customer Survey
 - 71% of respondents rated their experience with SMW as “very satisfactory” or “excellent”
- Communication and Education Program Surveys
- Customer Forum on Federal Energy Policy-June 2003
 - 87% of respondents rated the forum as “excellent” with the remaining 13% rating as “good”

Account Services Division



Account Services Division

Staff: The Account Services Division has 140.5 FTE employees, of which 129.5 are represented positions

Budget: The 2003 adopted budget for the Account Services Division is \$12,352,520

Major budget elements:

Labor: \$5,950,762

Active Receivables Management Contract: \$134,400

Payments to other departments:

HSD (eligibility determination services): \$457,090

DON (accepts utility payments at 7 centers): \$710,640

SPU (runs call center and payment center): \$3,676,617

Account Services Division



Major Functions:

- Meter Reading: Responsible for accurately reading all electrical meters in the distribution area on a daily schedule and uploading that information electronically to the billing system
- Customer Accounts: Provides account set up and maintenance, bills customers on a monthly or bi-monthly schedule
 - New Accounts and Meter Sets (NAMS): Opens and closes accounts, processes meter exchanges and removals; handles budget billing, streetlights and flat rate billing

Account Services Division



Major Functions (cont.):

- Validation: Ensures billing accuracy through a pre-bill audit function and adjusts bills that require correction after the fact; produces bills for large customers with complex meters
- Account Control: Balances billing system with SCL financial system, sets up recurring payments for ACH, Green Power, Project Share and rate assistance, processes escrow, refunds, transfers, returned payments and statements of account
- Credit and Collections: Responsible for collection of debt owed to the utility and the administration of the Emergency Low-Income Assistance (ELIA) Program.

Account Services Division



Key Performance Metrics:

- Increase customer satisfaction--reduce the percentage of bills adjusted to 2.5% annually in 2003 and 2.0% in 2004
- Provide timely accurate bills to customers
 - Read at least 98.5% of meters each week in 2003 and at least 99% in 2004
 - Process residential applications for service within 3 days(on-line applications) and 5 days (mail and fax)
 - Process meter removals, exchanges and installs within 3 days of receipt
 - Process all meter reading exceptions within 10 days
 - Process all bill adjustments within 10 days

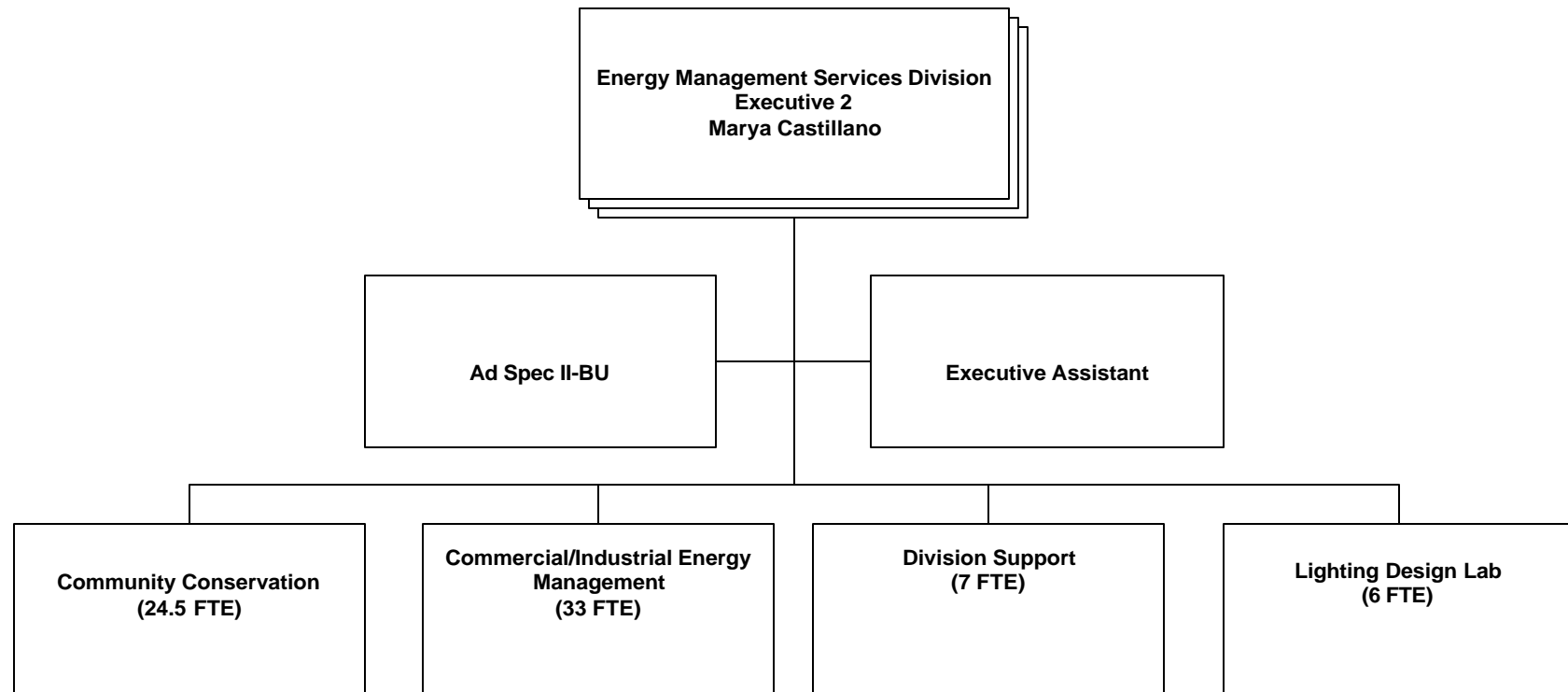
Account Services Division

Key Performance Metrics (cont.):

- Collect revenue owed to the Utility
 - Utilize active receivables management vendor to contact delinquent customers
 - Contact customers with broken promises to pay to get them current
 - Disconnect customers for non-payment as a last resort
- Value conservation activities
 - Track and report customers and contributions to Green Power
- Provide a safe, productive and supportive working environment
 - Hold regular safety meetings and safety training to prevent injury and time loss

Energy Management Services Division

Energy Management Services Division Management Team



Energy Management Services Division

Staff: The Energy Management Services Division has 66.5 FTE employees, of which 19.5 are represented positions

Budget: The 2003 adopted budget for the Energy Management Services Division is \$21,478,885

Major budget elements:

Labor (excludes Lighting Design Lab):	\$3,277,724
Customer incentives and rebates:	\$11,084,216
Office of Housing-LIEP:	\$1,946,237
Dept. of Construction & Land Use:	\$400,000
Lighting Design Lab:	\$931,101
2003 Budget Reductions:	(\$2,603,480)

Energy Management Services Division



Major Goals:

- Acquire cost-effective energy efficiency resources for the utility through operation of conservation incentive programs
- Promote more aggressive local energy codes and federal efficiency standards
- Facilitate market transformation
- Reduce CO2 emissions

Energy Management Services Division



Major Functions:

- Community Conservation: Residential and Small Business
 - Incentives, information and technical assistance
 - Existing and new construction (multifamily emphasis)
 - Efficient lighting, appliances
- Commercial/Industrial: Medium and Large Business
 - Incentives, information and technical assistance
 - Efficient design of buildings, industrial processes
 - Efficient lighting, HVAC, motors, equipment
 - Building commissioning, O&M

Energy Management Services Division

Major Functions (cont.):

- Division Support:
 - Program evaluation
 - LEED incentives & Green Power
 - Energy Code development, enforcement
 - Community outreach
- Lighting Design Lab
 - Transforming Pacific Northwest lighting markets
 - Promoting quality design, efficient technologies
 - Provide technological assistance

Energy Management Services Division



Key Performance Metrics:

- Track and report energy savings:
 - Publish accomplishments report (annual)
 - Provide data for FERC and SCL annual reports
 - Performance metrics for City Council (annual)
 - Report savings for BPA contract (2 times/year)
 - Update report to City Council (2 times/year)
- Perform periodic evaluation studies to assess/verify program savings and improve program operations
- Carry out ongoing point-of-service surveys to assess customer satisfaction



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Part III:

Focus on the future



- What are the main issues we face?
- Where do we want to be in three years?
- How can the Advisory Board assist?

Part III:

Focus on the future



Resolve customer policy and service delivery issues:

- Security and customer building access
- Distributed generation and utility integration
- Service installation and capacity payment options
- Fixed price versus time and material charges

Address unique concerns of Key Customers:

- Franchise rates, agreements
- Special operating agreements
- Interconnection standards, agreements
- Improve large customer billing system
- Enhance Seattle MeterWatch information

Part III:

Focus on the future



Support the City's and SCL's efforts to transform the South Lake Union area over the next two decades:

- Support capacity plan
- Develop load management options, including conservation and energy management services
- Complete energy district study, define next steps and policy issues
- Apply new metering technologies
- Support/facilitate sustainable buildings

Part III:

Focus on the future



Manage the upgrade of the billing system so that customer service standards and employee productivity are maintained or enhanced:

- Starts now and continues through 2004 and part of 2005
- Joint effort to develop specs with two other western utilities
- Need to dovetail with other potential mayoral priorities
- Improve business effectiveness across the utility

Part III:

Focus on the future



Implement flexible billing and payment options for customers:

- Credit card expansion at walk-in centers underway
- Bank draft sign-up now available on line
- Currently developing web-based applications for ACH and credit card payments
- Joint billing study underway could result in substantial changes for all customers

Part III:

Focus on the future



Continuing Conservation presence:

- Dealing with the effects of downturn of the local economy
- Continued BPA conservation funding (current contract ends 9/31/03; letter of intent signed for future funding)
- Develop a cost-effective program for larger commercial customers to “green up” their power purchases

Part III:

Focus on future

Strengthen focus on continuous improvement:

- Develop customer and employee surveys to identify level of satisfaction
- Refine use of metrics and benchmarking to measure performance
- Establish an organization structure that supports the work of front-line customer service staff
- Develop additional audit routines and management reports intended to improve quality and accuracy
- Implement business process improvements in targeted areas
- Improve written and oral communication with internal and external customers